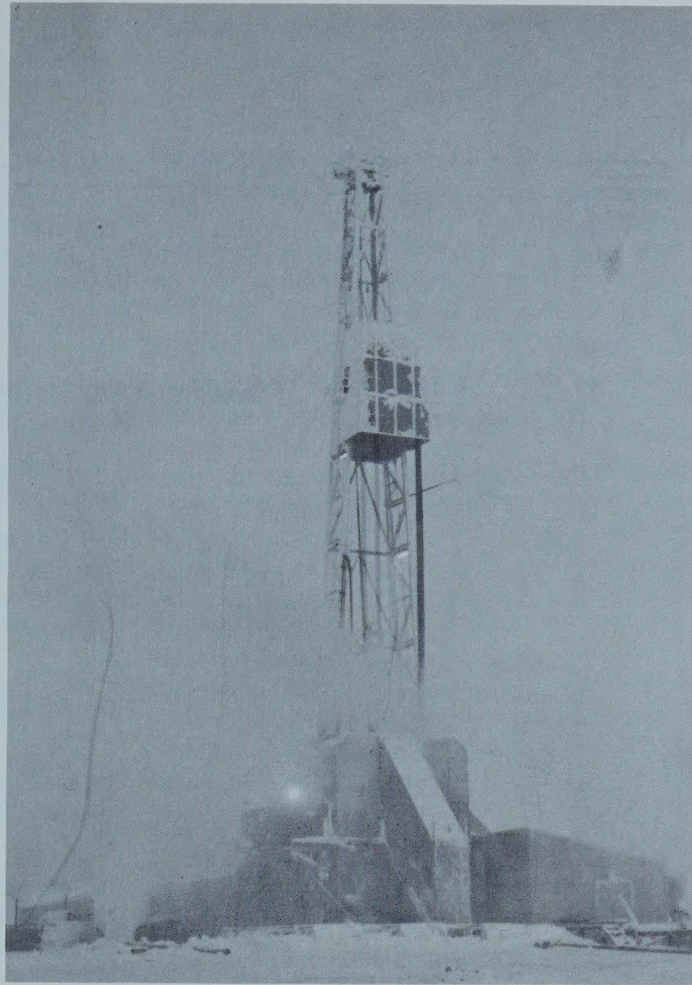


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Bankeno Mines Limited

ANNUAL REPORT
FOR THE
YEAR ENDED
DECEMBER 31
1972



Surface plant Polaris Mine, Arvik Mines, Little Cornwallis Island

Directors J. W. McBean
J. C. McBean
F. G. Carrotte
E. T. Donaldson
W. A. Roliff
H. F. Zurbrigg

Officers J. W. McBean
President
J. C. McBean
Executive Vice-President
F. G. Carrotte
Vice-President
Finance and
Secretary-Treasurer
E. Goring
Assistant Secretary-Treasurer

Transfer Agents Crown Trust Company
Toronto, Ontario

Auditors Thorne, Gunn, Helliwell &
Christenson
Toronto, Ontario

Head Office Suite 908, 40 University Avenue
Toronto, Ontario M5J 1T1

**Bankeno Mines
Limited**

Incorporated under the
law of Ontario

**Report to
Shareholders for the
year ended
December 31, 1972**

**President's Report
To the Shareholders:**

Enclosed herewith is Notice of our Annual Meeting, together with financial statements and auditors' report.

Since the last annual report, Bankeno's potential asset value, in zinc-lead mineral properties and in Arctic Island oil and gas lands, has been enhanced by significant events.

Arvik Mines Limited

Bankeno owns 25% of Arvik Mines. Cominco, operator of Arvik Mines, continues development work at the Polaris mine at a rapid pace, at no cost to Bankeno. By April 1973, 5200 feet of underground work, including an adit access, all in 9 foot x 15 foot dimensions, was completed. Estimates made in 1972 were for completion of this work by August 1973. This phenomenal performance is a tribute to the efficiency of the operating crews and also in part to the excellent mining conditions encountered. Underground development has confirmed surface drill indicated tonnage and grade. It is significant that Cominco, in its 1972 annual report, refers as follows to Arvik Mines: "Information obtained on mining conditions has been favorable and the program has confirmed a major deposit of at least 20 million tons with a metal content of more than 20% combined zinc and lead. The limits of the ore body are not defined and major extensions can be expected." Included in the same report is a column headed "POTENTIAL RESERVES UNDER DEVELOPMENT — Polaris (Arvik) — 20 million tons of ore containing 4 million tons zinc-lead."

The relative importance of the Arvik ore body is indicated by comparison with Cominco's reserves published for 1971:

Mine	Reserve Ore Tons	Reserve
		Lead Zinc Tons
Sullivan, H.B.	64,000,000	7,000,000
Pine Point	42,000,000	3,500,000
Magmont	13,000,000	1,000,000

It is noted that Arvik's zinc-lead metal reserve tonnage of 4,000,000 tons exceeds that for Pine Point; is 52% of the Sullivan-H.B. mines total and is roughly equivalent to 35% of Cominco's total lead-zinc metal reserves for 1971.

Currently, a 17,000-foot underground diamond drilling program is underway within the Polaris ore body. The object of this work is to detail ore contacts and grade for mine operation appraisal.

Resumption of mining operations is scheduled for late May 1973. This program is designed to increase present stockpile of 5,000 tons of "direct shipping ore" (35% to 40% zinc-lead) to 20,000 tons or more. It is planned that approximately 20,000 tons of "direct shipping ore" will be ocean freighted in 1973 for mill treatment purposes.

Two supply ships moved 3500 tons of equipment to the property without difficulty in August 1972, despite the heaviest icepack in years. Panarctic Oils reported considerable disruption of ship traffic in its supply operations to more northerly areas. Feasibility studies on the economics of sea transportation and mining are under active study.

A surface drilling program of approximately 15,000 feet is planned for Little Cornwallis Island properties in 1973. One drill, starting in April, will check north and south of the Polaris mine, the geological formation found favourable to zinc-lead mineralization.

A second drill will operate in the Eclipse area on Little Cornwallis Island, 18 miles east of the Polaris mine. Detailed geological and geophysical mapping have indicated a favourable environment for zinc-lead mineralization and have outlined a number of geophysical anomalies. Shallow drilling in 1965 on a surface mineral showing at Eclipse indicated 1 million tons of material grading 13% zinc and 2% lead to a depth of 50 feet. One deeper drill hole to 146 feet in the same zone encountered zinc-lead mineralization, at intervals, to the bottom of the hole. Recent surveys show that the above-mentioned drilled area forms part of a geophysical anomaly. Of seven other geophysical anomalies outlined, in the Eclipse area, two have areal dimensions of 4000 feet x 1600 feet and 5000 feet x 2000 feet respectively. One end of the latter anomaly is open. The drilling proposed for Eclipse will explore the significance of these geophysical anomalies.

It appears that sufficient tonnage has been indicated in the Polaris ore body for a mining operation. Consequently, the 1972 surface drilling program outlined above is designed to explore other potential areas.

Panarctic Oils Limited

Your Company holds 2.26% interest in Panarctic Oils Ltd. In addition, interests are maintained in 7,014,389 acres of oil and gas permits, an increase of 284,818 gross acres over last year. Interests in the latter permits were obtained from Panarctic Oils Ltd. under provisions of an "after acquired" clause in Bankeno's farmor agreement. 97% of Bankeno's total acreage is farmed out to Panarctic.

Panarctic Oils Ltd., in 1972, operated six rigs. Other companies also operated six rigs during the same period. Two interesting oil discoveries were made, Romulus on Ellesmere Island and Thor near Ellef Ringnes Island. In addition, at Hecla F-62, a major gas discovery in a new field was made on Drake Peninsula, Melville Island. Dome Petroleum on the west end of King Christian Island is reported to have made a significant gas discovery in the Wallis K-62 well.

With the gas discovery on Thor Island announced on May 8, 1973, Panarctic has completed 10 producing gas wells. It is significant, that five important gas fields have been indicated. These new potential gas fields will add substantially to the threshold volumes sought by Panarctic for the justification of a pipeline.

Chas. R. Hetherington, President of Panarctic Oils Ltd., referring to the gas threshold volumes in a presentation to a seminar of the New York Society of Security Analysts, February 6, 1973, stated: "Considering the drilling to be undertaken and assuming a continuation of present success ratios, these gas reserves should be established by 1974."

It is significant that a group composed of TransCanada PipeLines Limited, Panarctic Oils Ltd., Canadian Pacific Investments Limited and Tenneco Oil & Minerals, Ltd., has organized a new Arctic Islands gas pipeline project named "Polar Gas Project" for the express purpose of developing a direct route for a gas pipeline from the Arctic Islands to Montreal, Quebec or Niagara, Ontario, via the east or west sides of Hudson's Bay. This knowledgeable and well-financed group started field work in 1973 and has plans for rapid expansion of their activity. These pipeline routes proposed for Panarctic gas are shorter and consequently less expensive than by way of the Mackenzie Valley system.

Drilling activity for this 12-month period is at an all-time high. Panarctic is operating 6 rigs and plans to drill 23 wells of which 5 are for farmee account. Other companies will drill 10 wells with 7 rigs. Total well expenditures on Panarctic lands in this period are estimated at \$65.7M and on other lands \$24.5M for a record total of \$90 million.

Some of the wells proposed in the above program are adjacent to or on Bankeno lands. The enclosed revised map of Bankeno and Panarctic holdings in the Arctic Island will enable shareholders to follow activities important to their interests.

Bankeno, and associates in March 1973, drilled Chiefco-Bankeno Edwanda wildcat well, located 65 miles north-east of Edmonton, Alberta, to earn a 50% interest in 5,760 acres. The 2240 foot well was a dual-zone discovery of gas in commercial

Polaris Mine plant at Little Cornwallis Island overlooking Crozier Strait



Panarctic gas well head, King Christian Island



Panarctic Mine adit showing air intake — March, 1973



Panarctic base camp, Rea Point, Melville Island

quantities. Subsequent to discovery additional adjoining lands were acquired to total 35,200 acres, with Bankeno associates holding a 50% interest. A multiple-shallow well evaluation program is planned to determine the extent of potential reserves in the area. The discovery well is situated 3.5 miles from an existing pipeline and subject to government approvals production could commence within 18 months.

Bankeno experienced dynamic growth in 1972. Development at Polaris Mine has indicated it to be one of the largest high-grade zinc-lead deposits in the World. Favourable results of feasibility studies on transportation are expected to lead to early production. Bankeno will

generate a cash flow from the first year of profitable operation.

The completion of 9 major gas wells and the indication of 5 important gas fields bring Panarctic closer to the threshold reserves required to justify construction of a pipeline. The discovery of a commercial gas well at Edwanda, Alberta, holds promise of a cash flow in the short term, provided evaluation reports and governmental decisions are favourable.

J. W. McBean
President

May 9, 1973

Bankeno Mines Limited

(Incorporated under the laws of Ontario)

Balance Sheet

December 31, 1972

(With comparative figures
as at December 31, 1971)**Assets**

	<u>1972</u>	<u>1971</u>
Current assets:		
Cash and short term deposits		\$ 657,860
Advances receivable	\$ 4,425	
Interest receivable	232	2,291
Marketable securities, at cost (quoted market value \$101,900)	93,685	
Other	2,001	1
	<u>100,343</u>	<u>660,152</u>
Investments, at cost (note 5)		
Panarctic Oils Ltd. (note 1)	2,316,676	1,751,986
Arvik Mines Limited (note 2)	25,487	25,487
	<u>2,342,163</u>	<u>1,777,473</u>
Oil and gas permits, at cost (notes 3, 4 and 5)	36,753	30,825
Mining leases, at nominal value	1	1
Deferred exploration and development expenditures (note 5)	250,989	250,630
	<u>\$2,730,249</u>	<u>\$2,719,081</u>

Liabilities

Current liabilities:

Bank advances	\$ 13,077	
Accounts payable and accrued liabilities	1,700	\$ 22,049
Payable to broker on security transactions	28,841	
Payable to Panarctic Oils Ltd. (note 1)	473,723	503,213
	<u>517,341</u>	<u>525,262</u>
Payable to Panarctic Oils Ltd. (note 1)	141,173	

Shareholders' Equity

Capital stock (note 6)

Authorized — 6,000,000 shares, par value \$1 each (1971, 4,000,000 shares)		
Issued — 3,997,004 shares	3,997,004	3,997,004
Deduct discount less premium	409,811	409,811
	<u>3,587,193</u>	<u>3,587,193</u>
Deficit	1,515,458	1,393,374
	<u>2,071,735</u>	<u>2,193,819</u>
	<u>\$2,730,249</u>	<u>\$2,719,081</u>

Approved by the Board:

Director

Director

Bankeno Mines Limited**Statement of Deferred
Exploration and
Development Expenditures**

Year ended
December 31, 1972
(With comparative figures
for 1971)

	<u>1972</u>	<u>1971</u>
Clean-up expense.....	\$ 8,106	
Drilling	38,451	
Drilling participation.....	258	\$ (368)
Engineering fees	100	4,800
Field expenses	10,288	
Lease payments	1,775	
Sampling and testing.....	1,524	
General	856	202
Expenditures for the year	61,358	4,634
Balance deferred at beginning of year	250,630	245,996
	311,988	250,630
Expenditures written off to deficit	60,999	
Balance deferred at end of year.....	<u>\$ 250,989</u>	<u>\$ 250,630</u>

**Statement of Source
and Application
of Funds**

Year ended
December 31, 1972
(With comparative figures
for 1971)

	<u>1972</u>	<u>1971</u>
Source of funds		
Proceeds from issue of capital stock		<u>\$1,472,400</u>
Application of funds		
Exploration and development expenditures.....	\$ 61,358	4,634
Administrative expenses	61,085	80,206
Additional investment in Panarctic Oils Ltd. less non-current portion payable.....	423,517	587,283
Purchase of interest in oil and gas permits.....	5,928	
	551,888	672,123
Increase (decrease) in working capital position.....	(551,888)	800,277
Working capital (deficiency) at beginning of year.....	134,890	(665,387)
Working capital (deficiency) at end of year	<u>\$ (416,998)</u>	<u>\$ 134,890</u>

Statement of Deficit

Year ended
December 31, 1972
(With comparative figures
for 1971)

	<u>1972</u>	<u>1971</u>
Deficit at beginning of year.....	\$1,393,374	\$1,313,168
Administrative expenses	61,085	80,206
Exploration and development expenditures written off	60,999	
Deficit at end of year	<u>\$1,515,458</u>	<u>\$1,393,374</u>

Statement of Administrative Expenses

Year ended
December 31, 1972
(With comparative figures
for 1971)

	<u>1972</u>	<u>1971</u>
Administrative fees.....	\$47,163	\$28,650
Directors' fees	300	
Government fees, licenses and taxes	1,138	121
Interest and bank charges.....	356	17,809
Legal and audit.....	5,425	24,073
Office rent.....	1,200	1,250
Listing fees	1,410	1,500
Loss on sale of marketable securities	1,491	
Postage, telephone and telegraph	483	1,702
Printing and stationery	290	479
Promotion.....	2,509	
Reports to shareholders	2,119	3,872
Share issue expense.....	1,411	664
Transfer agent's fees and expenses.....	7,521	6,884
Travelling	4,073	10,350
Sundry	450	798
	<u>77,339</u>	<u>98,152</u>
Less		
Interest earned.....	13,099	17,946
Dividends received	3,155	
	<u>16,254</u>	<u>17,946</u>
Administrative expenses for the year, transferred to deficit.....	<u>\$61,085</u>	<u>\$80,206</u>

Bankeno Mines Limited

Notes to Financial Statements

December 31, 1972

1. Investment in Panarctic Oils Ltd.

	<u>1972</u>	<u>1971</u>
Nil preferred shares, par value \$10 each (1971—171,666 shares).....		\$1,716,660
792,835 new common shares, no par value (1971—28,235 old common shares).....	\$2,284,173	2,823
23 common shares of Panarctic Oil Operators Ltd.	3	3
	<u>2,284,176</u>	<u>1,719,486</u>
Capital stock of Bankeno Mines Limited issued to Upper Canada Resources Limited for guarantee of payments on initial investment in Panarctic	32,500	32,500
	<u>\$2,316,676</u>	<u>\$1,751,986</u>

By agreements commencing in 1967, the company has purchased the above shares in Panarctic Oils Ltd. a company formed to explore the oil and gas potential in the Arctic Islands, financed jointly by private enterprise and the Government of Canada.

In 1972, the common shares of Panarctic Oils Ltd. were subdivided on the basis of twenty new common shares for each common share previously held and Bankeno exercised an option to convert 171,666 preferred shares held into 171,666 new common shares.

In addition, 56,469 new common shares were purchased for a consideration of \$564,690, of which amount it is anticipated that \$423,517 will be payable by cash calls during 1973. At December 31, 1972, a cash call in the amount of \$50,206 was payable in respect of shares purchased in 1971.

To maintain its present percentage interest in Panarctic Oils Ltd., the company must continue to participate in the planned exploration activities.

2. Investment in Arvik Mines Limited

Little Cornwallis Island Properties

By agreement dated October 1, 1971 the company and Cominco Limited have incorporated a new company, Arvik Mines Limited, to acquire material claims and leases on Little Cornwallis Island (including two groups of claims on Cornwallis Island) which Cominco has been exploring under the terms of a 1965 agreement between the companies. Bankeno received 25% of the common share capital of Arvik. Cominco has undertaken to incur all expenditures it deems necessary and Bankeno is not required or entitled to contribute thereto. If, at Cominco's discretion, the property is brought to production then Cominco will assume responsibility for arranging the required financing and will receive

6% redeemable preferred shares for its expenditures to that date. Bankeno will similarly receive preferred shares aggregating \$75,000 for its expenditures incurred prior to June 4, 1964.

Cornwallis Island Properties

Initially under the terms of the above agreement Cominco is to have a 75% interest and Bankeno a 25% interest in these properties. Cominco has undertaken to expend up to \$200,000 from the date of the agreement of which Bankeno will be deemed to have contributed 25%. After Cominco has incurred expenditures of \$200,000 then Bankeno may participate in further expenditures in proportion to its interest in the properties until a total of \$400,000 has been expended. At that time a new company shall be formed to acquire the Cornwallis Island properties for 750,000 common shares to be allocated pro-rata.

Additional shares may be issued for expenditures in excess of \$400,000 in the ratio of one share for each \$1 of expenditures with Bankeno retaining the right to participate in proportion to its interest.

3. Oil and Gas Permits

Exploratory Permits — Arctic Islands

By agreements dated May 17, 1966, between Bankeno Mines Limited and Cominco Ltd., Cominco acquired a 50% undivided interest in Bankeno's interest in oil and gas exploratory permits located in the Arctic Islands. Permits totalling 5,719,131 acres of a total of 7,114,389 acres have been farmed out to Panarctic Oils Ltd. Panarctic has earned an 80% interest in the above oil and gas exploratory permits by the completion of specific drilling requirements and the expenditure of more than \$26 million on Arctic Island exploration. Panarctic is obliged to maintain all Bankeno's oil and gas exploratory permits until June, 1974 after which date Cominco will re-assume liability therefor. For the drilling of development production wells on its permits, Bankeno by the terms of the Cominco agreement may elect, on a well to well basis without penalty, to participate equally with Cominco or retain 25% of the Bankeno-Cominco interest carried by Cominco.

In 1972 Bankeno acquired an interest of 18,984.8 net acres (of 284,818 gross acres) from

Panarctic, pursuant to after acquired properties provisions of farmout agreements referred to above, for a cash consideration of \$5,928.

4. Arctic Island Holdings

Upper Canada Resources Limited has a 5% carried interest in Bankeno's interest in 6,176,260 land acres farmed out directly or indirectly to Panarctic Oils Ltd.

5. Value of Interests in Arctic Islands

The amounts shown for investments, oil and gas permits and related deferred costs represent accumulated costs and are not intended to reflect present or future values.

6. Capital Stock

By Articles of Amendment dated September 11, 1972, the company's authorized capital was increased by the creation of an additional 2,000,000 shares with a par value of \$1 each.

7. Income Taxes

Under the provision of the Income Tax Act, exploration and development expenditures are deductible in arriving at taxable income and any expenditures not deducted in one year may be carried forward to be applied against future income. The company has approximately \$2,100,000 of expenditures so available.

8. Other Statutory Information

Direct remuneration of directors and senior officers (as defined by The Business Corporations Act) amounts to \$300 for 1972 (Nil in 1971).

Auditors' Report

To the Shareholders of Bankeno Mines Limited:

We have examined the balance sheet of Bankeno Mines Limited as at December 31, 1972 and the statements of deferred exploration and development expenditures, deficit, administrative expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


Chartered Accountants

Toronto, Canada
February 7, 1973

Bankeno Mines Limited An Affiliate of **UCR** Upper Canada Resources Limited
Suite 908 — 40 University Avenue, Toronto, Ontario M5J 1T1
Phone: 416-364-7301 TX-06-22627

BANKENO MINES LIMITED

6 Hudson Bay Avenue
Kirkland Lake, Ontario



NOTICE OF SPECIAL GENERAL AND THE ANNUAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that a Special General and the Annual Meeting of Shareholders of the Corporation will be held at the Lord Simcoe Hotel, 150 King Street West, Toronto, Ontario, on Thursday, the 29th day of June, 1972 at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

1. To consider and, if thought fit, to confirm Special By-law Number 2 passed by the Directors of the Corporation on the 12th day of May, 1972:
 - (a) changing the location of the head office of the Corporation from the Town of Kirkland Lake (formerly the Township of Teck) in the District of Temiskaming to the Municipality of Metropolitan Toronto, and
 - (b) increasing the Board of Directors from five (5) to six (6) of whom three (3) shall constitute a quorum.
2. To consider and, if thought fit, to confirm, with or without modification, a Special Resolution passed by the Directors of the Corporation on the 12th day of May, 1972 authorizing Articles of Amendment:
 - (a) removing the Corporation from the application of Part IV of the Corporations Act;
 - (b) increasing the authorized capital of the Corporation from 4,000,000 common shares with a par value of \$1.00 each to 6,000,000 common shares with a par value of \$1.00 each, and
 - (c) authorizing the Corporation to purchase from time to time any of its common shares out of surplus.
3. To receive the financial statements of the Corporation for the year ended December 31, 1971 together with the report of the auditors thereon.
4. To elect Directors.
5. To appoint auditors and authorize the Directors to fix their remuneration.
6. To transact such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

Shareholders who are unable to attend the meeting in person are asked to complete, date, sign and return in the envelope provided for that purpose, the enclosed form of proxy before the meeting.

A copy of the Annual Report for the year ended December 31, 1971 which includes the financial statements of the Corporation as at that date, a form of proxy and information circular accompany this notice. Copies of Special By-law Number 2 and the Special Resolution referred to in items numbered 1 and 2 above are Exhibits "A" and "B", respectively to the Information Circular which accompanies this Notice of Meeting, and are, by reference, made a part thereof.

DATED at Kirkland Lake this 1st day of June, 1972.

By Order of the Board,

B. J. ANDERSON,
Secretary.

BANKENO MINES LIMITED

6 Hudson Bay Avenue
Kirkland Lake, Ontario

INFORMATION CIRCULAR

as at May 12th, 1972

This Information Circular accompanies Notice of Special General and the Annual Meeting of Shareholders of Bankeno Mines Limited (herein called the "Corporation") called for Thursday, the 29th day of June, 1972, and is furnished in connection with the solicitation of proxies for use at that meeting. The Report of the Directors including the audited financial statements for the year ended December 31st, 1971 accompanies this Circular.

APPOINTMENT AND REVOCATION OF PROXIES

A shareholder desiring to appoint some person (who need not be a shareholder) other than those specified in the enclosed form of proxy, to represent him at the meeting may do so by crossing out the names of the persons designated and inserting the desired person's name in the blank space provided in the form of proxy and returning the completed proxy in the self-addressed envelope before the meeting or may submit another proxy.

In addition to revocation in any other manner permitted by law, any shareholder returning the enclosed form of proxy may revoke the same by instrument in writing duly executed by him or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the Head Office of the Corporation at any time up to and including the last business day preceding the day of the meeting or adjournment thereof at which the proxy is to be used, or with the Chairman of such meeting on the day of the meeting or adjournment thereof, and upon either of such deposits the proxy is revoked.

PERSONS MAKING THE SOLICITATION

The enclosed proxy is being solicited by the management of the Corporation. Solicitations will be made by mail, telephone or other personal contact to be made without special compensation by regular employees, officers and directors of the Corporation. The cost of solicitation will be borne by the Corporation. The Corporation may reimburse shareholders' nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them subject to the terms of Section 121 of The Business Corporation Act, which provides that if the votes represented at a meeting by proxies requiring that they be voted in respect of a particular matter or group of matters total to the knowledge of the chairman of that meeting, less than 5 per cent of all of the voting rights attaching to all of the shares entitled to be voted and be represented at the meeting, the chairman has the right not to conduct a vote by way of ballot on any such matter or group of matters unless a poll is demanded at the meeting in which case the vote shall be by way of ballot. In the absence of such direction, such shares will be voted for the matters expressly set out on the form of proxy annexed hereto, for the election of directors and the appointment of auditors as stated under those headings in the circular. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting. At the date hereof, the management of the Corporation does not know of any such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

William A. Roliff	Consulting Geologist, formerly Senior Advisor on Minerals, Imperial Oil Enterprises Ltd.	0	May 3, 1972
Brian J. Anderson	Chartered Accountant; Secretary-Treasurer of The Corporation. Secretary-Treasurer of Upper Canada Mines Limited.	0	

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Thorne, Gunn, Helliwell & Christenson as Auditors of the Company, to hold office until the next Annual Meeting of Shareholders.

OTHER MATTERS

The Management knows of no other matters to come before the Meeting of Shareholders other than referred to in the Notice of Meeting. Should any other matters properly come before the meeting the shares represented by the proxies solicited hereby will be voted on such matters in accord with the best judgment of the person or persons voting the proxy.

DATED this 12th day of May, 1972.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only holders of common shares of the Corporation are entitled to vote at the meeting. Each holder of a common share of record on the date of the Meeting is entitled to one vote for each such share held. As at the date hereof, the Corporation has outstanding 3,997,004 common shares.

As at the date hereof, Upper Canada Mines Limited beneficially owns, directly or indirectly, 1,168,700 common shares of the Corporation which represents approximately 29% of the outstanding common shares of the Corporation.

REMUNERATION OF MANAGEMENT AND OTHERS

No remuneration was paid or is payable by the Corporation to its directors and senior officers during the Corporation's last completed financial year ended December 31st, 1971 and no pension or other benefits are payable.

SPECIAL MATTERS TO BE ACTED UPON

1. Item 1 in the Notice of Shareholders Meeting calls for consideration, and if thought fit, confirmation of Special By-law Number 2 passed by the Directors on the 12th day of May, 1972 to change the location of the head office of the Corporation from the Town of Kirkland Lake to the Municipality of Metropolitan Toronto and to increase the Board of Directors from 5 to 6, of whom 3 shall constitute a quorum. The complete text of this Special By-law appears as Exhibit "A" to this Information Circular.

2. Item 2 of the Notice of Shareholders Meeting calls for consideration and, if thought fit, confirmation of a Special Resolution passed by the Directors on the 12th day of May, 1972 authorizing Articles of Amendment removing the Corporation from application of Part IV of the Corporations Act, increasing the authorized capital of the Corporation from 4,000,000 to 6,000,000 common shares with a par value of \$1.00 each and authorizing the Corporation to purchase its common shares out of surplus. The complete text of this Special Resolution appears as Exhibit "B" to this Information Circular.

ELECTION OF DIRECTORS

Upon confirmation of the aforesaid Special Resolution expanding the Board of Directors, the Board will consist of six (6) directors to be elected annually. The management does not contemplate that any of the following proposed nominees will be unable to serve as a director if elected, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote in their discretion for another nominee as director. Each director elected will hold office until the next annual meeting or until his successor is duly elected, unless his office is earlier vacated in accordance with the By-laws of the Corporation.

PROPOSED NOMINEE	PRINCIPAL OCCUPATION	NUMBER OF SHARES OWNED	DIRECTOR SINCE
John W. McBean	Geologist; President of the Corporation; President of Upper Canada Mines Limited.	600	July 21, 1958
Evan T. Donaldson	Mine Developer, self-employed.	1	Feb. 6, 1963
F. Gary Carrotte	Chartered Accountant; Vice-President, Finance of the Corporation. Vice-President Finance of Upper Canada Mines Limited.	1	June 26, 1970
John C. McBean	Geological Engineer; Executive Vice-President of the Corporation. Executive Vice-President of Upper Canada Mines Limited.	1	June 26, 1970

EXHIBIT "A"

SPECIAL BY-LAW NUMBER 2

BE IT ENACTED as a special by-law of the Corporation that:

- (a) the location of the head office be and the same is hereby changed from the Town of Kirkland Lake (formerly the Township of Teck) in the District of Temiskaming to the Municipality of Metropolitan Toronto in the Province of Ontario;
- (b) the number of directors of the Corporation is hereby increased from Five (5) to Six (6) so that the board of directors of the Corporation shall hereafter be composed of Six (6) directors. Three (3) directors shall constitute a quorum at any meeting of the board of directors. All prior by-laws, resolutions and proceedings of the Corporation inconsistent herewith are hereby amended, modified and revised in order to give effect to this by-law.

Passed by the directors and sealed with the Corporate Seal this 12th day of May, 1972.

"J. W. McBEAN",
President

C.S.

"B. J. ANDERSON",
Secretary

EXHIBIT "B"

SPECIAL RESOLUTION

RESOLVED as a special resolution that:

1. The Corporation be and is hereby authorized to deliver Articles of Amendment to the Minister of Consumer and Commercial Relations of the Province of Ontario:

- (i) providing that the Corporation shall not thereafter be subject to the application of Part IV of The Corporations Act;
- (ii) increasing the authorized capital of the Corporation from 4,000,000 common shares with a par value of \$1.00 each to 6,000,000 common shares with a par value of \$1.00 each, provided, however, that the aggregate consideration for the issue of the said shares with a par value of \$1.00 each shall not exceed in amount or value the sum of Six Million Dollars (\$6,000,000.00) or such greater amount as the Board of Directors of the Corporation by resolution determines, provided that such resolution shall not be effective until a certified copy thereof has been filed with the Minister of Corporate and Commercial Relations, all prescribed fees have been paid and the Minister has so certified, and
- (iii) authorizing the Corporation to purchase from time to time any of its common shares out of surplus.

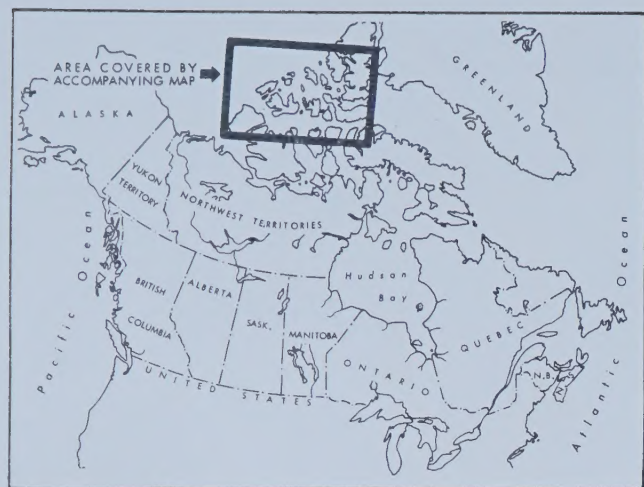
2. The directors and officers be and they are hereby authorized to do, sign and execute all things, deeds and documents necessary or desirable in connection therewith.

Passed by the directors and sealed with the corporate seal this 12th day of May, 1972.

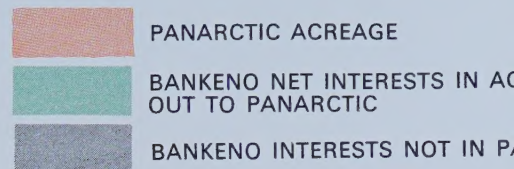
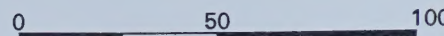
"J. W. McBEAN",
President.

C.S.

"B. J. ANDERSON",
Secretary.



BANKENO MINES



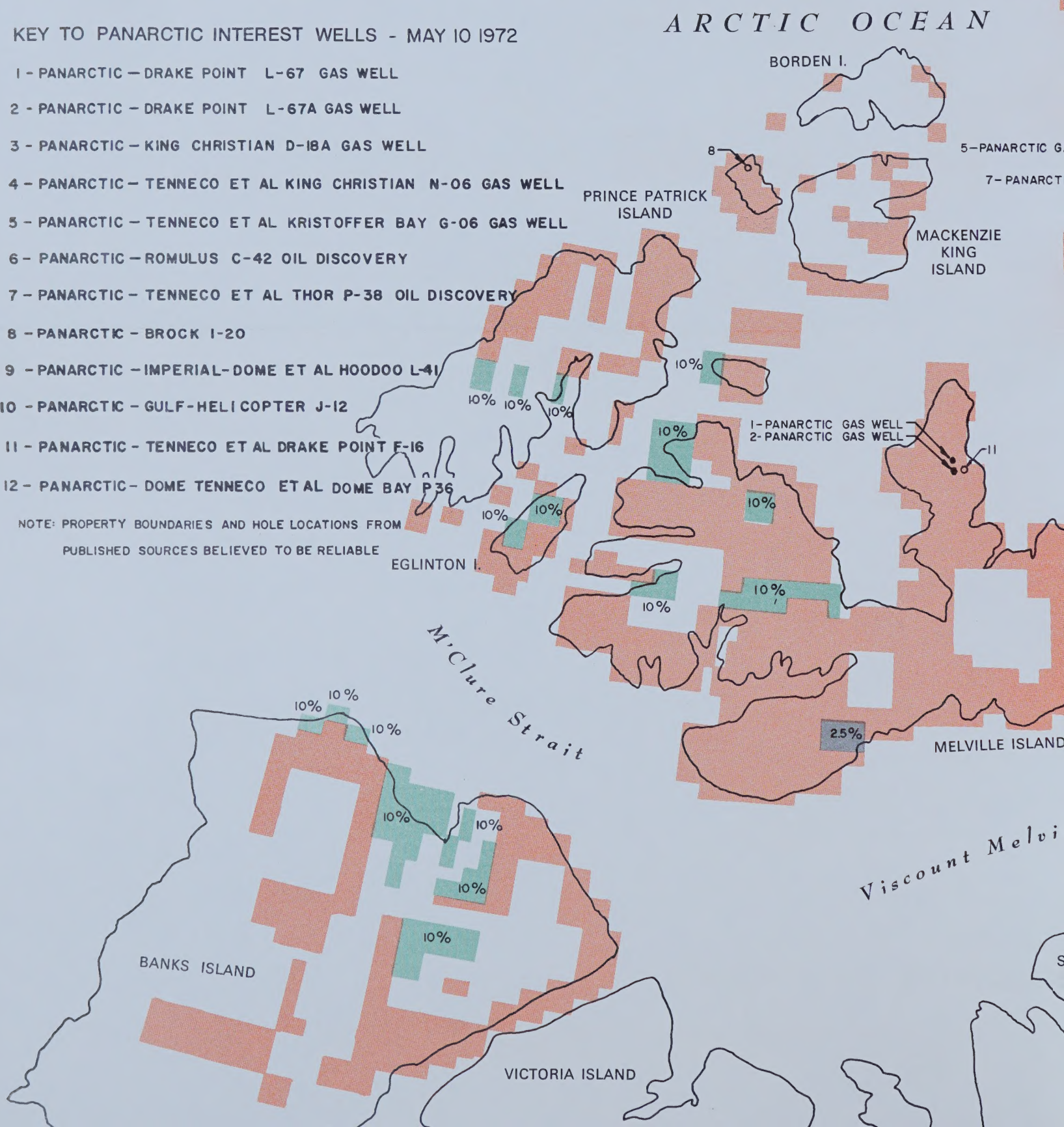
- DRILLING WELL

- DISCOVERY WELL

KEY TO PANARCTIC INTEREST WELLS - MAY 10 1972

- 1 - PANARCTIC - DRAKE POINT L-67 GAS WELL
- 2 - PANARCTIC - DRAKE POINT L-67A GAS WELL
- 3 - PANARCTIC - KING CHRISTIAN D-18A GAS WELL
- 4 - PANARCTIC - TENNECO ET AL KING CHRISTIAN N-06 GAS WELL
- 5 - PANARCTIC - TENNECO ET AL KRISTOFFER BAY G-06 GAS WELL
- 6 - PANARCTIC - ROMULUS C-42 OIL DISCOVERY
- 7 - PANARCTIC - TENNECO ET AL THOR P-38 OIL DISCOVERY
- 8 - PANARCTIC - BROCK I-20
- 9 - PANARCTIC - IMPERIAL-DOME ET AL HOODOO L-41
- 10 - PANARCTIC - GULF-HELICOPTER J-12
- 11 - PANARCTIC - TENNECO ET AL DRAKE POINT F-16
- 12 - PANARCTIC - DOME TENNECO ET AL DOME BAY P-36

NOTE: PROPERTY BOUNDARIES AND HOLE LOCATIONS FROM
PUBLISHED SOURCES BELIEVED TO BE RELIABLE



LIMITED

ARCTIC ISLANDS

iles

EAGE FARMED

ARCTIC

WELL

OIL DISCOVERY

LOUGHEED ISLAND

BYAM MARTIN ISLAND

e Sound

FANSON ISLAND

ELLEF RINGNES ISLAND

AXEL HEIBERG ISLAND

AMUND RINGNES ISLAND

CORNWALL I.

LITTLE CORNWALLIS I.

BATHURST ISLAND

RESOLUTE BASE

GRIFFITH I.

LOWTHER I.

PRINCE OF WALES ISLAND

DEVON ISLAND

SOMERSET ISLAND

6-PANARCTIC OIL DISCOVERY

ELLESMERE ISLAND

ARVIK MINES-ZINC-LEAD PROPERTIES
(BANKENO 25 % CARRIED INTEREST)

BRODEUR PENINSULA
(N.W. PART
OF
BAFFIN ISLAND)

Barrow Strait

OCEAN SHIPPING ROUTE-MONTREAL-EUROPE

GAS-ARCTIC-PROPOSED PIPELINE
2500 MILE LONG

